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NEWS RELEASE

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Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced that Rudy J. Lanier, age 50, and corporate defendant All State Environmental Dredging, Inc. of Sneads Ferry, North Carolina, pleaded guilty yesterday in United States District Court in Norfolk. Lanier pleaded guilty to making false statements to the Army Corp of Engineers and the corporation pleaded to criminal violations of the Clean Water Act. Lanier faces 5 years of imprisonment, a fine of \$250,000 and full restitution. The corporation faces a fine of \$500,000 and full restitution when sentenced by United States District Judge Rebecca Beach Smith on May 12, 2005.

The defendants were charged in a six-count indictment returned by the federal grand jury on November 17, 2004. The charges included criminal violations of the Clean Water Act, false statements and false claims to a department of the United States.

The indictment alleged that in August 2000 the Army Corps of Engineers awarded All State a \$426,500 contract to dredge the east-west channels between the north and south islets that make up Tangier Island, part of Accomack County, Virginia, in the Chesapeake Bay. The contract required All State to deposit the dredged material via pipeline to a shoreline placement site— a portion of the beach comprising the southwestern shore of Tangier Island. The deposit of the dredged material below the seawall was designed to rebuild the beach and prevent further erosion, and to serve other environment functions. However, beginning in November of 2000 All State crew began short pumping spoil because its equipment was not able to pump the dredged material the distance required. Lanier and All State crew members denied allegations of short pumping and when given warnings by Army Corps of Engineer inspectors, All State would shut down work and claim mechanical difficulties.

In January of 2001 sonar sounding of the Bay bottom located a mound of approximately 4,748 cubic yards of dredged material. The mound was approximately 12 feet high and 300 feet in diameter. The Army Corps of Engineers later withheld \$9,496 from the All State contract for

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misplacing the material and liquidated damages for delay in the amount of \$8,700. Lanier disputed this and several other contract reductions for approximately two more years.

Mr. McNulty said: “A clean environment is everyone’s concern. The actions of these defendants jeopardized marine life and may have harmed an historic part of the Chesapeake Bay for future generations.”

The investigation was conducted by the Army Criminal Investigation Division and the Environmental Protection Agency’s Criminal Investigation Division, with assistance from the Virginia Department of Environmental Quality Criminal Investigation Unit. Assistant United States Attorney Stephen W. Haynie of the United States Attorney’s Office and Special Assistant U.S. Attorney and Assistant Regional Counsel for the United States Environmental Protection, Michael R. Fisher, prosecuted the case for the United States.

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